

31 January 2023

ASX/Media Release (ASX: KNM)

Quarterly Activities Report & Appendix 4C

Online education publisher KneoMedia Limited (“KneoMedia” or the “Company”) (ASX: KNM) is pleased to provide an update on activities and performance for the quarter ended 31 December 2022 (the ‘quarter’). All figures are in AUD unless stated otherwise.

OPERATIONAL REVIEW

As reported in November 2022, the Company reported the largest deployment of the ‘Connect All Kids’ education initiative to date, with 40,000 Dell Chromebooks being deployed into 11 school districts located in the Boroughs of Manhattan (Harlem), Queens, Brooklyn and The Bronx in New York City.

The total deployment is valued at US\$24m based on 40,000 Chromebooks that have already been delivered and paid for by the New York City Department of Education (NYC DOE). These devices, which have been procured specifically for the ‘Connect All Kids’ initiative, are now being distributed to classrooms throughout New York, and once installed, will facilitate connection to the KneoWorld Platform, valued at US\$6m (~A\$9m) to the Company.

As previously stated, the Company anticipates that it will receive payment for its share of the deployment during the March quarter and subject to completion of contract documentation in line with previously deployed contracts. As reported, KneoMedia is a registered NYC supplier, and it is fully engaged with the DOE finalising and documenting the purchase order in order to facilitate payment.

This major deployment comes after an extended period of collaboration and cooperation between the Company, Dell Technologies and the National Association for the Advancement of Colored People (NAACP) to build a software solution that provides broader access to technology and world class education products in New York City and other US markets.

Building on the success of the ‘Connect All Kids’ initiative, the KneoWorld team in New York continues to scale up existing channels as well as pursuing new channels. Adding new content and classes for these markets has also been a focus for the development team in the quarter and additional sales are being pursued in New York State, with the New York City Council, which continues to fund and support KneoWorld deployments, and with private and public educators in Florida and now Chicago.

Chief Executive Officer James Kellett said: *“Since reporting this significant development in November, our focus has been on working with the DOE on formally documenting the deployment in the form of a binding contract, a process we have undertaken before and is well understood to us. I would like to reassure shareholders that the Board, and our dedicated team in New York, is very confident of moving the deployment to the binding contract stage. Furthermore, it should be noted that the 40,000 devices have been delivered specifically for the KneoWorld-powered ‘Connect All Kids’ program where there is pent up demand from educators and students. This reinforces our confidence of receiving funds, as has been the case with past deployments.*

“The ‘Connect All Kids’ initiative is giving us excellent market visibility and beyond this large deployment in New York, which is our key priority, our team is establishing new sales channels where KneoWorld can be deployed directly onto existing hardware already in schools. Chicago is emerging as a new market and Florida is also growing in importance.”

FINANCIALS

Cash outflows for the quarter remained modest with corporate expenses increasing primarily due to added reporting obligations occurring during the quarter. Maintaining a low-cost base continues to be a focus.

We continued to invest into the KneoWorld technology platform with \$211k invested during the quarter which positions the company strongly to capture large deployments of 'Connect ALL Kids' education initiative in New York City and other US markets for both the initiative and stand-alone KneoWorld sales.

At quarter end, KNM had cash and receivables of \$170K. The Company is currently in a trading halt pending completion of a capital raising to provide sufficient capital to fund operations through to receipt of funds from the 'Connect All Kids' initiative referenced above.

RELATED PARTY PAYMENTS

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C includes Directors' fees and salaries (including superannuation).

About KneoMedia Limited:

KneoMedia Limited (ASX: KNM) is a SaaS publishing company that delivers world-class education and assessment products to global markets in both special and general education classrooms via its KneoWorld portal general and special education classrooms via its KneoWorld portal. Student seat licences are sold to education departments on an annual basis and via distribution agreements. The KneoWorld platform is a story-based and game assessment learning program that provides engaging and effective ways for students to process and apply academic skills and concepts. Researched and evidence based, programs are mapped and measured to curriculum with student performance data delivered via the educator dashboard. KneoWorld is fully compliant with child online privacy protection including US COPPA and European GDPR. Our proven ability to engage, educate and assess provides a global education market opportunity selling on a business to business.

Authorised for release by the Board of KneoMedia Limited.

For further information, please contact:

James Kellett
Chief Executive Officer
T: +61 1300 155 606 M: +61 439 805 070
E: jkellett@kneomedia.com

Eryl Baron
Company Secretary
T: +61 1300 155 606
E: Eryl.baron@boardroomlimited.com.au

Released through: Ben Jarvis, Six Degrees Investor Relations: +61 413 150 448



KNeoMedia on Twitter: <http://twitter.com/KNeoMedia>

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

KNEOMEDIA LIMITED

ABN

41 009 221 783

Quarter ended ("current quarter")

31 December 22

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2	396
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(8)	(13)
(c) advertising and marketing	(173)	(338)
(d) leased assets	-	-
(e) staff costs	(228)	(431)
(f) administration and corporate costs	(334)	(439)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(741)	(825)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(211)	(462)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(211)	(462)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	1,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(45)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	955

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,168	553
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(741)	(825)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(211)	(462)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	955
4.5	Effect of movement in exchange rates on cash held	(46)	(51)
4.6	Cash and cash equivalents at end of period	170	170

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	170	1,168
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) cash in transit	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	170	1,168

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(109)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	2,000	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,000	-
7.5 Unused financing facilities available at quarter end		2,000
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.2 Access to a \$2m facility provided by Stratford Capital valid to 31 January 2024.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(741)
8.2 Cash and cash equivalents at quarter end (item 4.6)	170
8.3 Unused finance facilities available at quarter end (item 7.5)	2,000
8.4 Total available funding (item 8.2 + item 8.3)	2,170
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: n/a	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 January 2023.....

Authorised by:The Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.